



[Docket No. FR 6277-N-01]

**Fair Market Rents for the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program, and Other Programs Fiscal Year 2022**

**AGENCY:** Office of the Assistant Secretary for Policy Development and Research, Housing and Urban Development (HUD).

**ACTION:** Notice of Fiscal Year (FY) 2022 Fair Market Rents (FMRs)

**SUMMARY:** Section 8(c)(1) of the United States Housing Act of 1937 (USHA), as amended by the Housing Opportunities Through Modernization Act of 2016 (HOTMA), requires the Secretary to publish FMRs not less than annually, adjusted to be effective on October 1 of each year. This notice describes the methods used to calculate the FY 2022 FMRs and enumerates the procedures for Public Housing Agencies (PHAs) and other interested parties to request reevaluations of their FMRs as required by HOTMA.

**DATES:** Comment Due Date: September 30, 2021. Effective Date: October 1, 2021 unless HUD receives a valid request for reevaluation of specific area FMRs as described below.

**ADDRESSES:** HUD invites interested persons to submit comments regarding the FMRs and to request reevaluation of the FY 2022 FMRs through the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10276, Washington, DC 20410-0001. Communications must refer to the above docket number and title and should contain the information specified in the “Request for Comments / Request for Reevaluation” section. There are two methods for submitting public comments:

**1. Electronic Submission of Comments.** Interested persons may submit comments or reevaluation requests electronically through the Federal eRulemaking Portal at <https://www.regulations.gov>. HUD strongly encourages commenters to submit comments or reevaluation requests electronically. Electronic submission of comments or reevaluation requests allows the author maximum time to prepare and submit a comment or reevaluation request,

ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments or reevaluation requests submitted electronically through the <https://www.regulations.gov> website can be viewed by other submitters and interested members of the public. Commenters or reevaluation requestors should follow instructions provided on that site to submit comments or reevaluation requests electronically.

**2. Submission of Comments by Mail.** Members of the public may submit comments or requests for reevaluation by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500. Due to security measures at all federal agencies, however, submission of comments by standard mail often results in delayed delivery. To ensure timely receipt of comments or reevaluation requests, HUD recommends that comments or requests submitted by standard mail be submitted at least two weeks in advance of the deadline. HUD will make all comments or reevaluation requests received by mail available to the public at <https://www.regulations.gov>.

**Note:** To receive consideration as public comments or reevaluation requests, comments or requests must be submitted through one of the two methods specified above. Again, all submissions must refer to the docket number and title of the notice.

**No Facsimile Comments or Reevaluation Requests.** HUD does not accept facsimile (FAX) comments or requests for FMR reevaluation.

**FOR FURTHER INFORMATION CONTACT:** For technical information on the methodology used to develop FMRs or a listing of all FMRs, please call the HUD USER information line at 800-245-2691 or access the information on the HUD USER website <https://www.huduser.gov/portal/datasets/fmr.html>.

Questions related to use of FMRs or voucher payment standards should be directed to the respective local HUD program staff or the Office of Public and Indian Housing Customer Service Center at [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/about/css](https://www.hud.gov/program_offices/public_indian_housing/about/css).

Questions on how to conduct FMR surveys may be addressed to the mailbox for the Program Parameters and Research Division at [pprd@hud.gov](mailto:pprd@hud.gov).

For any additional questions, you can contact Adam Bibler, Program Parameters and Research Division, Office of Policy Development and Research, telephone number 202-402-6057. Persons with a hearing- or speech-impairment may contact the Federal Relay Service at 800-877-8339 (TTY). (Other than the “800” TTY number, the above-listed telephone numbers are not toll free.)

**Electronic Data Availability.** This **Federal Register** notice will be available electronically from the HUD User page at <https://www.huduser.gov/portal/datasets/fmr.html>. **Federal Register** notices also are available electronically from <https://www.federalregister.gov/> the U.S. Government Printing Office website. Complete documentation of the methods and data used to compute each area’s FY 2022 FMRs is available at [https://www.huduser.gov/portal/datasets/fmr.html#2022\\_query](https://www.huduser.gov/portal/datasets/fmr.html#2022_query). FY 2022 FMRs are available in a variety of electronic formats at <https://www.huduser.gov/portal/datasets/fmr.html>, including in PDF and Microsoft Excel. Small Area FMRs for all metropolitan FMR areas are available in Microsoft Excel format at: <https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html>. For informational purposes, HUD also publishes 50th percentile rents for all FMR areas at <https://www.huduser.gov/portal/datasets/50per.html>.

## **SUPPLEMENTARY INFORMATION**

### **I. Background**

Section 8 of the USHA (42 U.S.C. 1437f) authorizes housing assistance to aid lower-income families in renting safe and decent housing. Housing assistance payments are limited by FMRs established by HUD for different geographic areas. In the Housing Choice Voucher (HCV) program, the FMR is the basis for determining the “payment standard amount” used to calculate the maximum monthly subsidy for an assisted family. See 24 CFR 982.503. HUD also uses the FMRs to determine initial renewal rents for some expiring project-based Section 8

contracts, initial rents for housing assistance payment contracts in the Moderate Rehabilitation Single Room Occupancy program, rent ceilings for rental units in both the HOME Investment Partnerships program and the Emergency Solution Grants program, calculation of maximum award amounts for Continuum of Care recipients and the maximum amount of rent a recipient may pay for property leased with Continuum of Care funds, and calculation of flat rents in Public Housing units. In general, the FMR for an area is the amount that a tenant would need to pay the gross rent (shelter rent plus utilities) of privately owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities. HUD's FMR calculations represent HUD's best effort to estimate the 40th percentile gross rent<sup>1</sup> paid by recent movers into standard quality units in each FMR area. In addition, all rents subsidized under the HCV program must meet reasonable rent standards.

The FY 2022 FMRs incorporate revisions to metropolitan area definitions released by the Office of Management and Budget in September 2018 (see section III).<sup>2</sup> PHAs and other users of FMRs should ensure that they look up the FY 2022 FMRs using the county, county equivalent, or town in the case of New England states, as the relationship between these areas and their respective metropolitan areas has changed in some instances.

## **II. Procedures for the Development of FMRs**

Section 8(c)(1) of the USHA, as amended by HOTMA (Pub. L. 114–201, enacted July 29, 2016), requires the Secretary of HUD to publish FMRs not less than annually. Section 8(c)(1)(A) states that each FMR “shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply. . .” Section 8(c)(1)(B) requires that HUD publish, not less than annually, new FMRs on the World Wide Web or in any other manner specified by the Secretary, and that HUD must also notify the public of when it publishes FMRs by **Federal Register**

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<sup>1</sup> HUD also calculates and posts 50th percentile rent estimates for the purposes of Success Rate Payment Standards as defined at 24 CFR 982.503(e) (estimates available at: <https://www.huduser.gov/portal/datasets/50per.html>).

<sup>2</sup> See OMB Bulletin 18-04

notice. After notification, the FMRs “shall become effective no earlier than 30 days after the date of such publication,” and HUD must provide a procedure for the public to comment and request a reevaluation of the FMRs in a jurisdiction before the FMRs become effective. Consistent with the statute, HUD is issuing this notice to notify the public that FY 2022 FMRs are available at <https://www.huduser.gov/portal/datasets/fmr.html> and will become effective on October 1, 2021. This notice also provides procedures for FMR reevaluation requests.

### **III. FMR Methodology**

This section provides a brief overview of how HUD computes the FY 2022 FMRs. HUD is making no changes to the estimation methodology for FMRs as used by HUD for the FY 2021 FMRs. For complete information on how HUD derives each area’s FMRs, see the online documentation at [https://www.huduser.gov/portal/datasets/fmr.html#2022\\_query](https://www.huduser.gov/portal/datasets/fmr.html#2022_query).

The FY 2022 FMRs are based on the updated metropolitan area definitions published by the Office of Management and Budget (OMB) on September 14, 2018 and incorporated by the Census Bureau into the 2019 American Community Survey (ACS) data. Following the methodology first established in FY 2016 to incorporate such revisions, HUD treats counties that OMB removed from metropolitan areas as nonmetropolitan counties. HUD treats counties that OMB added to metropolitan areas as metropolitan county subareas. They receive rents based on their own data if the local data is statistically reliable (with an error that is less than one-half of the estimate) or receive the metropolitan rent if their subarea estimate does not exist or is statistically unreliable. HUD treats new multi-county metropolitan areas as individual county metropolitan subareas using county-based gross rent estimates (if statistically reliable); otherwise, HUD uses a metropolitan, area-wide gross rent estimate. The goal of this policy is to minimize year-to-year changes in FMR values that are solely due to area definition revisions.

In FY 2022, HUD is making the following additional area definition changes:

HUD is adding Oliver County, ND to the Bismarck, ND Metropolitan Statistical Area. Since FY 2016, Oliver County has comprised the Oliver County, ND HUD Metro FMR Area

(HMFA), a separate area from the Bismarck, ND HUD Metro FMR Area. However, in each year from FY 2017 through FY 2021, Oliver County did not have reliable gross rent data from the 5-year ACS, and HUD used the data for the Bismarck, ND MSA in its FMR calculation.

HUD is adding Maunabo Municipio, PR to the San Juan-Guaynabo, PR HUD Metro FMR Area. Since FY 2006, Maunabo has been part of the Barranquitas-Aibonito, PR HUD Metro FMR Area. However, Maunabo is not contiguous with the other municipios that comprise the Barranquitas-Aibonito, PR HUD Metro FMR Area. HUD FMR areas generally consist of contiguous counties or county equivalents.

HUD is adding Utuado Municipio to the Aguadilla-Isabela, PR HUD Metro FMR Area. Prior to FY 2016, no FMR area in Puerto Rico consisted of a single municipio. Unlike Counties in the United States, HUD groups non-metropolitan Puerto Rico Municipios to form the “Puerto Rico HUD Nonmetro Area” because Municipios are often smaller than counties in the United States. Similarly, HUD is adding Quebradillas Municipio to the Arecibo, PR HUD Metro FMR Area, which is retitled as Arecibo, PR MSA. Following these two changes, there are no single municipio FMR areas remaining in Puerto Rico.

#### **A. Base Year Rents**

For FY 2022 FMRs, HUD uses the U.S. Census Bureau’s 5-year ACS data collected between 2015 and 2019 as the “base rents” for the FMR calculations. These data are the most current ACS data available at the time that HUD calculates the FY 2022 FMRs. HUD pairs a “margin of error” test<sup>3</sup> with an additional requirement based on the number of survey observations supporting the estimate to improve the statistical reliability of the ACS data used in the FMR calculations. The Census Bureau does not provide HUD with an exact count of the number of observations supporting the ACS estimate; rather, the Census Bureau provides HUD with categories of the number of survey responses underlying the estimate, including whether the

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<sup>3</sup> HUD’s margin of error test requires that the margin of error of the ACS estimate is less than half the size of the estimate itself.

estimate is based on more than 100 observations. Using these categories, HUD requires that, in addition to the “margin of error” test, ACS rent estimates must be based on at least 100 observations to be used as base rents.

For areas in which the 5-year ACS data for two-bedroom, standard quality gross rents do not pass the statistical reliability tests (i.e., have a margin of error ratio greater than 50 percent or fewer than 100 observations), HUD will use an average of the base rents over the three most recent years<sup>4</sup> (provided that there is data available for at least two of these years),<sup>5</sup> or if such data are not available, using the two-bedroom rent data within the next largest geographic area. For a metropolitan subarea, the next largest area is its containing metropolitan area. For a non-metropolitan area, the next largest area is the state non-metropolitan portion.

## **B. Recent-Mover Factors**

Following the assignment of the standard quality two-bedroom rent described above, HUD applies a recent-mover factor to these rents. HUD calculates the recent-mover factor as the change between the 5-year 2015-2019 standard quality two-bedroom gross rent and the 1-year 2019 recent mover gross rent for the recent mover factor area. HUD does not allow recent-mover factors to lower the standard quality base rent; therefore, if the 5-year standard quality rent is larger than the comparable 1-year recent mover rent, HUD sets the recent-mover factor to 1. When the recent-mover factor is greater than one, HUD is, in effect, replacing the base rent with the recent-mover rent for that area.

The calculation of the recent-mover factor for FY 2022 continues to use statistical reliability requirements that are similar to those for base rents. That is, for a recent-mover gross rent estimate to be considered statistically reliable, the estimate must have a margin of error ratio that is less than 50 percent, and the estimate must be based on 100 or more observations.

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<sup>4</sup> For FY 2022, the three years of ACS data in question are 2017, 2018 and 2019. HUD adjusts the 2017 and 2018 data to be denominated in 2019 dollars using the growth in Consumer Price Index (CPI)-based gross rents measured between 2017, 2018, and 2019.

<sup>5</sup> To be used in the three-year average calculation, the 5-year estimates must be minimally statistically qualified; that is, the margin of error of the estimates must be less than half the size of the estimate.

When an FMR area does not have statistically reliable two-bedroom recent-mover data, the “all-bedroom” 1-year recent-mover ACS data for the FMR area is tested for statistical reliability.<sup>6</sup> HUD will use an “all-bedroom” recent-mover factor from the FMR area, if statistically reliable, before substituting a two-bedroom recent-mover factor from the next larger geography. Incorporating “all-bedroom” rents into the recent-mover factor calculation when statistically reliable two-bedroom data are not available preserves the use of local information to the greatest extent possible.

However, where statistically reliable “all-bedroom” data are not available, HUD will continue to base FMR areas’ recent-mover factors on larger geographic areas. HUD tests data from differently sized geographic areas in the following order (from small to large), and bases the recent-mover factor on the first statistically reliable recent-mover rent estimate in the geographic hierarchy listed below.

- For metropolitan areas that are sub-areas of larger metropolitan areas, the order is the FMR area, metropolitan area, aggregated metropolitan parts of the state, and state.
- For metropolitan areas that are not divided, the order is the FMR area, aggregated metropolitan parts of the state, and state.
- In non-metropolitan areas, the order is the FMR area, aggregated non-metropolitan parts of the state, and state.

Applying the recent-mover factor to the standard quality base rent produces an “as of” 2019 recent mover two-bedroom gross rent for the FMR area.

### **C. Other Rent Survey Data**

HUD calculates base rents for the insular areas using data collected during the 2010 decennial census of American Samoa, the Northern Mariana Islands, and the Virgin Islands

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<sup>6</sup> “All-bedroom” refers to estimates aggregated together regardless of the number of bedrooms in the dwelling unit.



beginning with the FY 2016 FMRs.<sup>7</sup> HUD updates the 2010 base year data to 2019 using the growth in national ACS data for the FY 2022 FMRs. Note that while the 2010 decennial census also included Guam, HUD uses the result of a more recent rent survey in calculating the FMRs for Guam, as discussed in the following paragraph.

HUD does not use ACS data to establish the base rent or recent-mover factor where the FY 2021 FMRs are based on locally collected survey data which are more recent than the 2019 ACS. For larger metropolitan areas that have valid ACS one-year recent-mover data, survey data may not be any older than the mid-point of the calendar year for the ACS one-year data. Since the ACS one-year data used for the FY 2022 FMRs is from 2019, larger areas with valid one-year recent mover data may not use other survey data collected before June 30, 2019 for the FY 2022 FMRs. Areas without statistically reliable 1-year ACS data may continue to use local survey data until the mid-point of the 5-year ACS data is more recent than the local survey. For FY 2022 FMRs, there are 18 areas that are based on local ad hoc surveys:

- HUD uses survey data from 2017 to calculate the FMRs for Hood River County, OR; Wasco County, OR; Hawaii County, HI; and the Jonesboro, AR HMFA.
- HUD uses survey data from 2018 to calculate the FMRs for Coos County, OR; Curry County, OR; and Douglas County, OR.
- HUD uses survey data from 2019 to calculate the FMRs for Kauai County, HI; Eugene-Springfield, OR MSA; Portland, ME HUD Metro FMR Area; Santa Maria-Santa Barbara, CA MSA; Worcester, MA HUD Metro FMR Area; and Guam.
- HUD uses survey data from 2020 to calculate the FMRs for Santa Cruz-Watsonville, CA MSA; Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area, Knox County, ME; Lincoln County, ME; and Waldo County, ME.

#### **D. CPI Gross Rent Adjustment Factors**

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<sup>7</sup> The ACS is not conducted in the Pacific Islands (Guam, Northern Mariana Islands and American Samoa) or the US Virgin Islands. As part of the 2010 Decennial Census, the Census Bureau conducted “long-form” sample surveys for these areas. HUD uses the results gathered by this long form survey for the FY 2022 FMRs.

HUD updates the ACS-based “as of” 2019 rent through 2020 using the annual change in gross rents measured through the Consumer Price Index (CPI) from 2019 to 2020 (CPI update factor). HUD uses local CPI data for FMR areas within Class A metropolitan areas covered by local CPI data. HUD uses CPI data aggregated at the Census region level for all Class B and C size metropolitan areas and non-metropolitan areas. Additionally, HUD uses CPI data collected locally in Puerto Rico as the basis for CPI adjustments from 2019 to 2020 for all Puerto Rico FMR areas.

### **E. Trend Factor Forecasts**

Following the application of the appropriate CPI update factor, HUD trends the gross rent estimate from 2020 to FY 2022 using a trend factor which is based on local or regional forecasts of CPI gross rent data. HUD derived a trend factor for each Class A CPI area and Class B/C CPI region using time series models based on national inputs (National Input Model or NIM), local inputs (Local Input Model or LIM) and historical values of the predicted series (Pure Time Series – PTS). HUD chose the actual model used for each CPI area’s trend factor based on which model generates the lowest Root Mean Square Error (RMSE) statistic and applied the trend factors to the corresponding FMR areas. HUD is holding the type of model selected (NIM, LIM, or PTS) constant for 5 years and will reassess the model selections during the calculation of the FY 2025 FMRs. More details on the trend factor forecasts are available in the June 5, 2019 Federal Register notice (84 FR 26141) and are available at <https://www.federalregister.gov/documents/2019/06/05/2019-11763/proposed-changes-to-the-methodology-used-for-estimating-fair-market-rents>.

### **E. Bedroom Rent Adjustments**

HUD updates the bedroom ratios used in the calculation of FMRs annually. The bedroom ratios used in the calculation of FY 2022 FMRs are calculated from three five-year ACS data series (2013-2017, 2014-2018, and 2015-2019). HUD only uses estimates with a margin of error ratio of less than 50 percent. If an area does not have reliable estimates in at least two of the

previous three ACS releases, HUD uses the bedroom ratios for the area's larger parent geography.

HUD uses two-bedroom units for its primary calculation of FMR estimates. This is generally the most common size of rental unit and, therefore, the most reliable to survey and analyze. After estimating two-bedroom FMRs, HUD calculates bedroom ratios for each FMR area which relate the prices of smaller and larger units to the cost of two-bedroom units. To ensure an adequate distributional fit in these bedroom ratio calculations for individual FMR areas, HUD establishes bedroom interval ranges which set upper and lower limits for bedroom ratios nationwide, based on an analysis of the range of such intervals for all areas with large enough samples to permit accurate bedroom ratio determinations.

In the calculation of FY 2022 FMR estimates, HUD sets the bedroom interval ranges as follows: efficiency FMRs are constrained to fall between 0.66 and 0.86 of the two-bedroom FMR; one-bedroom FMRs must be between 0.76 and 0.88 of the two-bedroom FMR; three-bedroom FMRs (prior to the adjustments described below) must be between 1.14 and 1.31 of the two-bedroom FMR; and four-bedroom FMRs (again, prior to adjustment) must be between 1.26 and 1.59 of the two-bedroom FMR. Given that these interval ranges partially overlap across unit bedroom counts, HUD further adjusts bedroom ratios for a given FMR area, if necessary, to ensure that higher bedroom-count units have higher rents than lower bedroom-count units within that area.

HUD also further adjusts the rents for three-bedroom and larger units to reflect HUD's policy to set higher rents for these units.<sup>8</sup> This adjustment is intended to increase the likelihood that the largest families, who have the most difficulty in leasing units, will be successful in finding eligible program units. The adjustment adds 8.7 percent to the unadjusted three-bedroom FMR estimates and adds 7.7 percent to the unadjusted four-bedroom FMR estimates.

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<sup>8</sup> As mentioned above, HUD applies the interval ranges for the three-bedroom and four-bedroom FMR ratios prior to making these adjustments. In other words, the adjusted three- and four-bedroom FMRs can exceed the interval ranges, but the unadjusted FMRs cannot.

HUD derives FMRs for units with more than four bedrooms by adding 15 percent to the four-bedroom FMR for each extra bedroom. For example, the FMR for a five-bedroom unit is 1.15 times the four-bedroom FMR, and the FMR for a six-bedroom unit is 1.30 times the four-bedroom FMR. Similarly, HUD derives FMRs for single-room occupancy units by subtracting 25 percent from the zero-bedroom FMR (i.e., they are set at 0.75 times the zero-bedroom (efficiency) FMR).<sup>9</sup>

#### **F. Minimum FMRs**

All FMRs are subject to a state or national minimum. HUD calculates a population-weighted median two-bedroom FMR across all non-metropolitan counties or county-equivalents of each state, which, for the purposes of FMRs, is the state minimum rent. State-minimum rents for each FMR area are available in the FY 2022 FMR Documentation System, available at [https://www.huduser.gov/portal/datasets/fmr.html#2022\\_query](https://www.huduser.gov/portal/datasets/fmr.html#2022_query). HUD also calculates the population-weighted median FMR rent across all non-metropolitan areas of the country, which, for the purposes of FMRs, is the national minimum rent. For FY 2022, the national minimum rent is \$757. The applicable minimum rent for a particular area is the *lower* of the state or national minimum. Each area's two-bedroom FMR must be no less than the applicable minimum rent.

#### **G. Limit on FMR Decreases**

Within the Small Area FMR final rule published on November 16, 2016, HUD amended 24 CFR 888.113 to include a limit on the amount that FMRs may annually decrease. The current year's FMRs resulting from the application of the bedroom ratios, as discussed in section (E) above, may be no less than 90 percent of the prior year's FMRs for units with the same number of bedrooms. Accordingly, if the current year's FMRs are less than 90 percent of the prior year's FMRs as calculated by the above methodology, HUD sets the current year's FMRs equal to 90

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<sup>9</sup> As established in the interim rules implementing the provisions of the Quality Housing and Work Responsibility Act of 1998 (Title V of the FY 1999 HUD Appropriations Act; Pub. L. 105–276). In 24 CFR 982.604.

percent of the prior year's FMRs. For areas where use of Small Area FMRs in the administration of their voucher programs is required, the FY 2022 Small Area FMRs may be no less than 90 percent of the FY 2021 Small Area FMRs. For all other metropolitan areas, the FY 2022 Small Area FMRs may be no less than 90 percent of the greater of the FY 2021 metropolitan area wide FMRs or the applicable FY 2021 Small Area FMR.

PHAs operating in areas where the calculated FMR is lower than the published FMR (i.e., those areas where HUD has limited the decrease in the annual change in the FMR to 10 percent) may request payment standards below the basic range (24 CFR 982.503(d)) and reference the "unfloored" rents (i.e., the unfinalized FMRs calculated by HUD prior to application of the 10-percent-decrease limit) depicted in the FY 2022 FMR Documentation System (available at: [https://www.huduser.gov/portal/datasets/fmr.html#2022\\_query](https://www.huduser.gov/portal/datasets/fmr.html#2022_query)).

#### **IV. Small Area FMRs**

HUD lists Small Area FMRs for all metropolitan areas in the Small Area FMR Schedule. Metropolitan PHAs operating in areas where the use of Small Area FMRs are not mandated should contact their local HUD field office to request approval for using Small Area FMRs in the operation of their Housing Choice Voucher program.

HUD calculates Small Area FMRs directly from the standard quality gross rents provided to HUD by the Census Bureau for ZIP Code Tabulation Areas (ZCTAs) when such data are statistically reliable. The ZCTA two-bedroom equivalent 40th percentile gross rent is analogous to the standard quality base rents set for metropolitan areas and non-metropolitan counties. For each ZCTA with statistically reliable gross rent estimates, using the expanded test of statistical reliability first used in FY 2018 (i.e., estimates with margins of error ratios below 50 percent and based on at least 100 observations), HUD calculates a two-bedroom equivalent 40th percentile gross rent using the first statistically reliable gross rent distribution data from the following data sets (in this order): two-bedroom gross rents, one-bedroom gross rents, and three-bedroom gross rents. If either the one-bedroom or three-bedroom gross rent data are used because the two-

bedroom gross rent data are not statistically reliable, HUD converts the one-bedroom or three-bedroom 40th percentile gross rent to a two-bedroom equivalent rent using the bedroom ratios for the ZCTA's parent metropolitan area. To increase stability to these Small Area FMR estimates, HUD averages the latest three years of gross rent estimates.<sup>10</sup>

For ZCTAs without usable gross rent data by bedroom size, HUD calculates Small Area FMRs using the rent ratio method. To calculate Small Area FMRs using a rent ratio, HUD divides the median gross rent across all bedrooms for the ZCTA by the similar median gross rent for the metropolitan area of the ZCTA. If a ZCTA does not have reliable rent data at the all-bedroom level, HUD will then check to see if the ZCTA borders other ZCTAs that themselves have reliable rent data. If at least half of a ZCTA's "neighbors" have such data, HUD will use the weighted average of those estimates as the basis for the SAFMR rather than a county proxy, where the weight is the length of the shared boundary between the ZCTA and its neighbor. In small areas where the neighboring ZCTA median gross rents are not statistically reliable, HUD substitutes the median gross rent for the county containing the ZIP code in the numerator of the rent ratio calculation. HUD multiplies this rent ratio by the current two-bedroom FMR for the metropolitan area containing the small area to generate the current year two-bedroom FMR for the small area.

HUD continues to use a rolling average of ACS data in calculating the Small Area FMR rent ratios. HUD believes coupling the most current data with previous year's data minimizes excessive year-to-year variability in Small Area FMR rent ratios due to sampling variance. Therefore, for FY 2022 Small Area FMRs, HUD has updated the rent ratios to use an average of the rent ratios calculated from the 2013-2017, 2014-2018, and 2015-2019 5-year ACS estimates.

HUD limits each two-bedroom Small Area FMR to be no more than 150 percent of the two-bedroom FMR for the metropolitan area where the ZIP code is located

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<sup>10</sup> For example, for FY 2022 Small Area FMRs, HUD averages the gross rents from 2017, 2018, and 2019 5-Year ACS estimates. The 2017 and 2018 gross rent estimates would be adjusted to 2019 dollars using the metropolitan area's gross rent CPI adjustment factors.

## **V. Request for Public Comments and FMR Reevaluations**

HUD accepts public comments on the methods HUD uses to calculate FY 2022 FMRs and requests for reevaluation of FMRs for specific areas prior to the effective date of this notice. HUD lacks the resources to conduct local surveys of rents to address comments filed regarding the FMR levels for specific areas. PHAs may continue to fund such surveys independently, as specified below, using ongoing administrative fees or their administrative fee reserve if they so choose. HUD continually strives to calculate FMRs that meet the statutory requirement of using “the most recent available data” while also serving as an effective program parameter.

### **FMR Reevaluations**

42 USC 1437f (c)(1)(B) includes the following: “The Secretary shall establish a procedure for public housing agencies and other interested parties to comment on such fair market rentals and to request, within a time specified by the Secretary, reevaluation of the fair market rentals in a jurisdiction before such rentals become effective.”

PHAs or other parties interested in requesting HUD’s reevaluation of their area’s FY 2022 FMRs, as provided for under section 8(c)(1)(B) of USHA, must follow the following procedures:

1. Prior to the effective date of this notice, PHAs or other parties must submit reevaluation requests through <https://www.regulations.gov/> or directly to HUD as described above.  
The area’s PHA or, in multi-jurisdictional areas, PHA(s) representing at least half of the voucher tenants in the FMR area, must agree that the reevaluation is necessary.
2. The requestor(s) must supply HUD with data more recent than the 2019 ACS data used in the calculation of the FY 2022 FMRs. HUD requires data on gross rents paid in the FMR area for occupied standard quality rental housing units. Occupied recent mover units (defined as those who moved in the past 24 months) provide the best data. The data delivered must be sufficient for HUD to calculate a 40th and 50th percentile two-

bedroom gross rent.<sup>11</sup> Should this type of data not be available, requestors may gather this information using the survey guidance available at <https://www.huduser.gov/portal/datasets/fmr/NoteRevisedAreaSurveyProcedures.pdf> and <https://www.huduser.gov/portal/datasets/fmr/PrinciplesforPHA-ConductedAreaRentSurveys.pdf>.

3. Areas where valid reevaluation requests are submitted must continue to use FY 2021 FMRs whether the FY 2022 FMRs are lower or higher than the FY 2021 FMRs. Following the comment period, HUD will post a list, at <https://www.huduser.gov/portal/datasets/fmr.html>, of the areas requesting reevaluations and where FY 2021 FMRs remain in effect.
4. PHAs or other parties must supply data for reevaluations to HUD no later than Friday January 7, 2022. All survey responses of rental units gathered as part of the survey efforts should be delivered to HUD. In addition to the survey data, HUD requires a current utility schedule in order to evaluate the survey responses. Finally, HUD encourages PHAs to evaluate their survey data to ensure the survey supports their request. Should PHAs or their contractors undertake this evaluation, HUD requests that this analysis also be submitted.

HUD will use the data delivered by January 7, 2022 to reevaluate the FMRs and following the reevaluation, will post revised FMRs in April of 2022 with an accompanying Federal Register notice stating the revised FMRs are available, which will include HUD's responses to comments filed during the comment period for this notice. On Monday January 10, 2022, HUD will post at <https://www.huduser.gov/portal/datasets/fmr.html> a listing of the areas that requested FMR reevaluations but did not deliver data and making the FY 2022 FMRs effective in these areas. HUD will incorporate any data supporting a change in FMRs supplied

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<sup>11</sup> Although there are no longer 50th percentile FMRs, HUD must calculate 50th percentile rents for the Success Rate Payment Standard under 24 CFR 982.503(e).



after January 7, 2022 into FY 2023 FMRs. Questions on how to conduct FMR surveys may be addressed to the Program Parameters and Research Division at [pprd@hud.gov](mailto:pprd@hud.gov).

For small metropolitan areas without one-year ACS data and non-metropolitan counties, HUD has developed a method using mail surveys that is discussed on the FMR web page: [https://www.huduser.gov/portal/datasets/fmr.html#survey\\_info](https://www.huduser.gov/portal/datasets/fmr.html#survey_info). This method allows for the collection of as few as 100 one-bedroom, two-bedroom, and three-bedroom units.

Other survey methods are acceptable in providing data to support reevaluation requests if the survey method can provide statistically reliable, unbiased estimates of gross rents paid of the entire FMR area. In general, recommendations for FMR changes and supporting data must reflect the rent levels that exist within the entire FMR area and should be statistically reliable.

PHAs in non-metropolitan areas are required to get 100 eligible survey responses which means they should have at least 5,000 rental units. PHAs may conduct surveys of groups of non-metropolitan counties to increase the number of rental units that are surveyed, but HUD must approve all county-grouped surveys in advance. HUD cautions that the resulting FMRs may not be identical for the counties surveyed; each individual FMR area will have a separate FMR based on the relationship of rents in that area to the combined rents in the cluster of FMR areas. In addition, HUD advises that in counties where FMRs are based on the combined rents in the cluster of FMR areas, HUD will not revise their FMRs unless the grouped survey results show a revised FMR statistically different from the combined rent level.

Survey samples should preferably be randomly drawn from a complete list of rental units for the FMR area. If this is not feasible, the selected sample must be drawn to be statistically representative of the entire rental housing stock of the FMR area. Surveys must include units at all rent levels and be representative by structure type (including single-family, duplex, and other small rental properties), age of housing unit, and geographic location. The current 5-year ACS data should be used as a means of verifying if a sample is representative of the FMR area's rental housing stock. Staff from HUD's Program Parameters and Research Division will work with

PHAs in areas requesting re-evaluations to provide the minimum number of survey cases required to ensure that data submitted for re-evaluation represent a statistically valid sample.

A PHA or contractor that cannot obtain the recommended number of sample responses after reasonable efforts should consult with HUD before abandoning its survey; in such situations, HUD may find it appropriate to relax normal sample size requirements, but in no case will fewer than 100 eligible cases be considered.

### **Calculating Small Area FMRs Using Rent Distributions**

HUD has developed guidance on how to provide data-supported comments on Small Area FMRs using HUD's special tabulations of the distribution of gross rents by unit bedroom count for ZIP Code Tabulation Areas. This guidance is available at <https://www.huduser.gov/portal/datasets/fmr.html> in the FY 2022 FMR section under the "Documents" tab and should be used by interested parties in commenting on whether or not the level of Small Area FMRs are too high or too low (i.e., Small Area FMRs that are larger than the gross rent necessary to make 40 percent of the units accessible for an individual zip code or that are smaller than the gross rent necessary to make 40 percent of the units accessible for a given zip code). HUD will post revised Small Area FMRs after confirming commenters' calculations.

### **VI. Environmental Impact**

This Notice involves the establishment of FMR schedules, which do not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this Notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Accordingly, the Fair Market Rent Schedules, which will not be codified in 24 CFR part 888, are available at <https://www.huduser.gov/portal/datasets/fmr.html>.

Todd Richardson,  
General Deputy Assistant Secretary  
for Policy Development and Research.

**[BILLING CODE: 4210-67]**

**Fair Market Rents for the Housing Choice Voucher Program**  
**Schedule B -- General Explanatory Notes**

**Arrangement of FMR Areas and Identification of Constituent Parts**

a. The Metropolitan and Non-Metropolitan FMR Area Schedule lists FMRs alphabetically by state, by metropolitan area and by non-metropolitan county within each state and are available at <https://www.huduser.gov/portal/datasets/fmr.html>.

b. The schedule lists the constituent counties (and New England towns and cities) included in each metropolitan FMR area immediately following the listings of the FMR dollar amounts. All constituent parts of a metropolitan FMR area that are in more than one state can be identified by consulting the listings for each applicable state.

c. The schedule lists two non-metropolitan counties alphabetically on each line of the non-metropolitan county listings.

d. Similarly, the schedule lists the New England towns and cities included in a non-metropolitan county immediately following the county name.

[FR Doc. 2021-16148 Filed: 8/5/2021 8:45 am; Publication Date: 8/6/2021]